

PSC No: 19 - Electricity
Rochester Gas and Electric Corporation
Initial Effective Date: June 1, 2003

Leaf No. 40
Revision: 0
Superseding Revision:

GENERAL INFORMATION

3. EXTENSION AND MAINTENANCE OF COMPANY FACILITIES TO SERVE CUSTOMER (Cont'd)

A. DISTRIBUTION LINE EXTENSIONS (Cont'd)

(4) Additional Obligations of Residing Applicants (Cont'd)

- ii) Pay a surcharge for such facilities. The surcharge shall be applicable for ten (10) years, and billed in monthly installments by the Company as set forth below. When any new customer is added to the extension, the surcharge shall be recalculated and the payment amount adjusted for the remaining years. However, the interest factor shall remain constant for the life of the surcharge.

The surcharge shall be calculated as follows:

$$(\text{Cost of excess facilities} \times \text{interest factor}) = \text{monthly payment.}$$

The interest factor shall be calculated as follows: $I = (C/12)/(1 - (1 + (C/12))^{-120})$.

Where C is the Company's weighted pre-tax cost of capital as allowed in the prior rate proceeding.

At any time, the applicant may make a lump sum payment for the outstanding balance of the surcharge. Such lump sum payment shall be subject to refund for the remaining term under Rule 3.A.(4)(d). The surcharge shall terminate if at any time the number of customers added to the extension equal or exceed the applicable footage allowances of the total extension.

The surcharge shall cease if the total revenue from the extension exceeds 1.5 times the total cost of the total distribution extension.

The remainder of any surcharge shall be collectible from any subsequent owner of the premises served. The applicant shall inform any prospective owner of the premises of the surcharge obligation prior to the transfer of any interest in the premises served. However such notification or lack thereof shall have no bearing on the Company's right to collect the surcharge from any subsequent owner, provided that the notice required under 16NYCRR Part 98(f) is included in the original surcharge agreement.

Customers currently paying a surcharge may at their option convert to either a lump sum or ten-year surcharge with prior payments credited.

If the initial amount to be surcharged is less than \$1,000, the applicant must make a lump sum payment under Rule 3.A.(4)(d)(i).

ISSUED BY: James A. Lahtinen, Vice President Rates and Regulatory Economics, Rochester, New York